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E.O. 11652: ADS - DECLAS. JUNE 19, 1978

TAGS: PBOR, EPAP, PN ,MX

SUBJECT: ARA WEEKLY HIGHLIGHTS JUNE 7-13

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(BEGIN CONFIDENTIAL)

1. PRESIDENT CARTER TO VISIT PANAMA

PRESIDENT CARTER WILL VISIT PANAMA ON JUNE 16,
AND WILL DELIVER THE U.S. INSTRUMENTS OF RATIFI-
CATION OF THE PANAMA CANAL TREATIES. HE WILL
RECEIVE THE PANAMANIAN INSTRUMENTS OF RATIFICATION.
AT THE SAME TIME, HE AND GENERAL TORRIJOS WILL
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SIGN THE ACCOMPANYING PROTOCOL OF EXCHANGE.
BECAUSE OF THE BROOKE RESERVATION, THE EXCHANGE OF
INSTRUMENTS WILL BE DEEMED TO BE APRIL 1, 1979,
WITHIN THE MEANING OF THE TREATIES. THIS MEANS
THAT THE TREATIES WILL ENTER INTO FORCE ON OCTO-
BER 1, 1979. THE TWO DATES COULD BE ADVANCED
SHOULD THE SENATE AND HOUSE PASS THE IMPLEMENTING

LEGISLATION PRIOR TO MARCH 31, BUT THIS IS NOT LIKELY. PANAMA HAS INVITED THE LEADERS OF THE SO-CALLED BOGOTA FIVE COUNTRIES TO THE CEREMONY, I.E. COLOMBIA, COSTA RICA, JAMAICA, MEXICO, AND

VENEZUELA. THE PRESIDENT IS EXPECTED TO HAVE JOINT MEETINGS WITH THE LEADERS OF THOSE COUNTRIES AND PANAMA DURING HIS VISIT. (END CONFIDENTIAL)

(BEGIN UNCLASSIFIED)

2. CONGRESSIONAL ACTIVITY

THE STATE APPROPRIATIONS BILL WAS BROUGHT TO THE FLOOR OF THE HOUSE ON JUNE 13. WE ANTICIPATE AMENDMENTS LIMITING USE OF FUNDS TO IMPLEMENT THE PANAMA TREATIES AND FOR OUR INTERESTS SECTION IN HAVANA.

3. AMBASSADOR TODMAN'S VALEDICTORY ADDRESS

IN A SPEECH ON JUNE 8, BEFORE THE PAN AMERICAN SOCIETY OF NEW ENGLAND IN BOSTON, AMBASSADOR TODMAN REVIEWED ACCOMPLISHMENTS DURING HIS TENURE AS ARA ASSISTANT SECRETARY. HE IDENTIFIED THE TWO OBJECTIVES OF THE ADMINISTRATION'S LATIN AMERICAN POLICY AS (1) REDUCING MAJOR SOURCES OF TENSION, AND (2) BREAKING LATIN AMERICAN CONFIDENTIAL

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POLICY OUT OF ITS TRADITIONAL MOLD AND MAKING IT MORE RESPONSIVE TO THE NEEDS AND INTERESTS WE SHARE IN THE HEMISPHERE. REGIONAL TENSIONS HAVE BEEN REDUCED, HE SAID, BY THE PANAMA CANAL TREATIES, AND BY CAREFUL ESTABLISHMENT OF LIMITED RELATIONS WITH CUBA, WHILE WE HAVE CONTINUED TO EMPLOY CONSULTATIVE MECHANISMS WITH MEXICO AND BRAZIL. THE ADMINISTRATION'S FOCUS ON CARIBBEAN DEVELOPMENT WAS SKETCHED OUT AS A NEW DEPARTURE. HE DISCUSSED THE CENTRAL IMPORTANCE OF HUMAN RIGHTS CONCERNS, AND THE NEED TO BALANCE THE TWO EXTREMES OF INTERVENTIONIST PRESUMPTION AND UNQUESTIONING ACCEPTANCE OF CONDITIONS AS THEY ARE, TO ARRIVE AT AN IMPLEMENTATION STRATEGY THAT WILL ACHIEVE PRACTICAL RESULTS, MANY OF WHICH ARE ALREADY EVIDENT. AMBASSADOR TODMAN'S SPEECH ALSO DEALT WITH ECONOMIC POLICY AND ARMS RESTRAINT INITIATIVES AS IMPORTANT ELEMENTS OF OUR FUTURE RELATIONS WITH LATIN AMERICA. HE CLOSED BY UNDERSCORING THE IMPORTANCE OF PUBLIC SUPPORT TO THE DEVELOPMENT AND SUCCESS OF A HEMISPHERIC POLICY RESPONSIVE TO OUR CRITICAL NEEDS IN THE REGION.

4. TRADE ISSUES

THE FOLLOWING IS ARA'S CONTRIBUTION TO THE DEPARTMENT'S WEEKLY ISSUES REPORT. FROM NOW ON, WE WILL INCLUDE OUR CONTRIBUTION AS THE FINAL ITEM IN OUR WEEKLY HIGHLIGHTS

CABLE. THE CURRENT SURGE IN U.S. FOOD PRICES ILLUSTRATES HOW NARROW DOMESTIC INTERESTS CAN DISCRIMINATE EFFECTIVELY AGAINST FOREIGN SUPPLIERS -- TO THE DETRIMENT OF THE U.S. CONSUMER AND AN OPEN INTERNATIONAL TRADING SYSTEM. TWO COMMODITIES INVOLVING LATIN AMERICAN SUPPLIERS MAKE THE CASE.

A. MEAT

FRESH MEAT IMPORTS ARE LIMITED BY VOLUNTARY RE-
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STRAINT AGREEMENTS NEGOTIATED UNDER THE MEAT IMPORT ACT. MEXICO, CENTRAL AMERICA, AND SEVERAL CARIBBEAN COUNTRIES SUPPLY A FULL QUARTER OF OUR IMPORTS. WITH THE U.S. NOW IN THE LOW-SLAUGHTER PART OF OUR BEEF CYCLE, PRICES HAVE BEEN RISING SHARPLY AND FURTHER INCREASES ARE LIKELY. THE PRESIDENT RECENTLY DECIDED AGAINST ONE SOLUTION: THE REMOVAL OF PRESENT QUANTITATIVE RESTRAINTS, A MEASURE WHICH WOULD HAVE INCREASED IMPORTS BY AN ESTIMATED 20 PERCENT, AND RESULTED IN A 5-6 PERCENT REDUCTION IN GROUND BEEF PRICES ALONE. INSTEAD HE OPTED FOR KEEPING THE VOLUNTARY RESTRAINTS BUT INCREASING THE RESTRAINTS FOR ALL COUNTRIES BY 15.5 PERCENT. THE ADDITIONAL SHIPMENT OF THE 200 MILLION TONS INVOLVED SHOULD BENEFIT BOTH FOREIGN PRODUCERS AND U.S. CONSUMERS. SPECIAL INTERESTS IN CONGRESS, HOWEVER, WANT US TO HEAD IN THE OPPOSITE DIRECTION: A PENDING BILL SPONSORED BY SENATOR BENTSEN (D-TEXAS) WOULD INCREASE THE LEVEL OF PROTECTION FOR DOMESTIC MEAT PRODUCERS.

B. TOMATOES

BAD WEATHER IN FLORIDA OVER THE LAST TWO GROWING SEASONS LIMITED OUR TOMATO YIELD. WHILE PRICES ROSE SOMEWHAT AS A RESULT, INCREASED SHIPMENTS OF MEXICAN TOMATOES DAMPENED THE CONSUMER IMPACT -- DESPITE A 15 PERCENT U.S. TARIFF ON TOMATO IMPORTS. FLORIDA PRODUCERS, HOWEVER, ARE NOW PUSHING FOR FURTHER IMPORT RESTRICTIONS, WHICH WOULD PERMIT THEM TO RECOUP FROM BAD WEATHER THROUGH HIGHER PRICES.

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C. CONCLUSION

THE ADMINISTRATION IS RESISTING PRESSURES FOR A VOLUNTARY RESTRAINT AGREEMENT ON TOMATOES, AND IS WORKING TO DEFEAT OR MODIFY THE BENTSEN BILL. BUT THE MORE INTERESTING, AND LESS PUBLICIZED , POINT IS THAT FOREIGN PRODUCERS, WHO ARE GENERALLY ASSOCIATED MAINLY WITH THE DEPRIVATION OF U.S. JOBS, CAN IN SOME CASES BE AN IMPORTANT ALLY OF AMERICAN CONSUMERS AGAINST SPECIAL INTEREST GROUPS. (END UNCLASSIFIED) CHRISTOPHER

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